

# GROW your business

October 2013

**CLOSE**



**RUN**



**OPEN**



**START**



**PLAN**





## Do you want to expand your business?

Expanding a business can require many different things, including money, employees, new locations, and new markets.

### 1

## Money

Money can come in the form of loans, invested capital, tax incentives, bonds and other forms. For one-on-one assistance to discuss financing options, consider meeting with a [Small Business Development Center](#), [Women's Business Centers](#) or [SCORE](#) advisor (free and confidential). For general financial information, see the following links:

- [U.S. Small Business Administration](#)
- [SCORE](#)
- [Small Business Development Center](#)
- [Washington Department of Commerce](#)
  - New! [Small Business Credit Initiative](#)
- [Office of Minority and Women's Business Enterprises](#)
- [SBA Veterans Office](#)
- [Washington Department of Financial Institutions](#)
- [Microlenders](#)
- [Washington Economic Development Finance Authority](#)
- [Export Voucher Program](#)
- [Bond financing assistance for construction projects](#)

### Loans:

There are a variety of business lenders. "SBA loans" are actually loans made through commercial banks and credit unions that are guaranteed by the federal government, in this case the U.S. Small Business Administration. The [U.S. Department of Agriculture](#) has business loan guarantee programs that are handled similarly.

### Business loans typically require the "5Cs":

Before lending money, reputable financial institutions will want to know that certain conditions are met, frequently referred to as the 5Cs:

- **Capital/Cash** – This is the owner's cash investment. Typically, owners are expected to bring 25-30% of a new business's start-up costs. With an expansion loan for an established business, owners are typically expected to show equity in the business equaling at least 25% of the loan amount, or to bring in additional cash so that the sum of the added cash and the equity will total at least 25%.
- **Capacity/Cash Flow** – Evidence that the business owner has the ability to start and run the business successfully. The owner's industry experience, business training and management experience, in combination with a well-developed business plan, will help establish capacity. For existing businesses, the firm's financial records will be important for demonstrating profitable operations and good financial management. A cash flow projection is typically for both new and established businesses. The projections need to show the ability of the business to meet its financial obligations, including making loan payments, and to withstand unexpected events.
- **Collateral** – The owner needs to pledge something of value. Typically collateral includes business property, furnishings, fixtures, equipment, and inventory, plus owner assets outside of the business (real estate, stock, etc.).
- **Character** – The lender will want evidence that the owner takes responsibility seriously. This is partially demonstrated through the owner's credit history.
- **Conditions** – The lender will also want to see the overall environment (economy, industry trends, and market forces) supports the business's potential for success.

### Business Lenders:

- Banks and credit unions for standard commercial loans.
- Banks and credit unions for SBA 7a loans (can be used for any business purpose) and U.S. Department of Agriculture guaranteed loans.



- SBA [Microlenders](#) (loans up to \$50,000 for any business purpose).
- SBA 504 lenders (for real estate and major equipment purchases): [Northwest Business Development Association](#), [Evergreen Business Capital](#), [Ameritrust CDC](#).

Investment Capital: Many businesses grow using funds from investors. The word “investor” implies that the individual or group has partial ownership of the business. The act of securing investors and private lenders, whether family members, friends or strangers, is highly regulated and requires an understanding of [securities laws](#).

Below are some groups in Washington that connect investors with entrepreneurs.

- [Alliance of Angels](#)
- [Bellingham Angel Group](#)
- [Tacoma Angel Network](#)
- [ZINO Society](#)
- [Portland Angel Network](#) (includes Vancouver area)

Washington State offers limited financial assistance in the form of [grants and loans](#), [bonds](#), [incentives](#) and [tax exemptions for some industries](#).

Businesses certified as Woman or Minority Owned Businesses are eligible for the Office of Minority and Women’s Business Enterprises (OMWBE) [Linked Deposit Program](#). Veteran and Service Member Owned Businesses are eligible for the [Veteran Linked Deposit Program](#).

## 2

## Employees

Having employees with the right attributes and skills for your business is critical for successful growth. There are resources to help you with employment planning, including [Workforce Explorer](#).

There are also programs to help you find and train qualified employees:

- [WorkSource](#) can bring you applicants that are skilled and ready to work.
- Job Fairs and [free, online job posting](#) can help increase your pool of applicants.
- [Tax credits](#) can help lessen the cost of new employees.
- Options for employee [training assistance](#).
- [On-the-job training wage subsidies](#).
- Employee training resources - [Career Bridge](#).
- [Apprenticeship programs](#).
- [Work study employees](#).

If you're hiring your first employees, you'll need to re-file your [Business License Application](#) with the State. Once you've filed your business license, the Department of Employment Security will set up your state unemployment tax account, and the Department of Labor & Industries creates your workers' compensation account and obtains your minor work permit, if applicable.

Every new employee will need to complete the federal [I-9 Employment Eligibility Verification Form](#) within 3 days of hire. They will also need to complete an Internal Revenue Service (IRS) [W-4 Form](#). You are required to report each new and rehired employee through the Department of Social and Health Services' [New Hire Reporting Program](#) within 20 days of hire.

Employment is an area of significant regulation, including minimum wage, overtime pay, employment of minors and family members, workplace safety, nondiscrimination, etc.

If you are facing a temporary decline in business, the [Shared-Work Program](#) offers you an alternative to laying off workers. Instead, you can reduce the work hours of your permanent employees, and the workers can collect partial unemployment benefits to replace a portion of their lost wages

A frequently misunderstood area involves the use of independent contractors. Unless an individual is truly in business for himself or herself, is licensed and actively markets as such, has multiple clients/customers, and is performing work that is outside the business' normal activities, chances are state and federal law would require that the individual be treated as an employee.



Employment is also an area of significant recordkeeping and tax responsibilities. It's important that you understand the regulations and costs as you plan your business.

- [Employment Law Advisor](#)
- [Wage and hour laws \(such as minimum wage, overtime, breaks, etc.\)](#)
- [Workplace poster requirements](#)
- [Employment of minors](#)
- [Independent contractors \(Labor & Industries\)](#)
- [Independent contractors \(Employment Security\)](#)
- [Independent contractors \(IRS\)](#)
- [Workplace safety \(including required written accident prevention plan\)](#)
- [Federal payroll taxes](#)
- [State unemployment taxes](#)
- [Workers' compensation insurance](#)
- [Child Support Withholding Laws](#)
- [City of Seattle sick leave requirement](#)

### 3

## New locations

Choosing new locations requires that you consider many factors: market desirability, zoning, build-out costs, on-going occupancy costs, access to infrastructure and services, access to qualified employees, etc. Below are tools that will help you make an informed decision.

- If you're opening a new location, you'll need to file a new [Business License Application](#) with the State of Washington.
- [Site selection information.](#)
- Current labor market [information](#), by industry and county.
- The [economic development organization](#) serving your region (a good resource for site selection).
- Contact your [city](#) or [county](#) location to learn about zoning and permitting requirements.
- Some industries and locations may require environmental permitting. The Office for Regulatory Innovation and Assistance provides information on local, state, and federal [environmental issues](#).

## 4

## New markets

General market expansion assistance: Whether you're considering expansion through new products or services, new customer groups, or new marketing methods, conducting demographic and other types of research prior to moving forward can help you make better and more cost-effective decisions. Do you want assistance with research or development of an expanded marketing plan?

- U.S. Small Business Administration: [marketing resources](#)
- SCORE: [marketing resources](#) and no-cost [counselors](#)
- Small Business Development Center: [marketing resources](#) and no-cost [advisors](#)
- Community Capital Development - [Washington Business Center/ Women's Business Centers](#)

Export assistance: Do you want to sell products or services to customers outside of the U.S.?

- [Small Business Development Center](#)
- [Washington State Department of Commerce](#)
- [Washington Export Resource Center](#)
- [How to begin exporting](#)
- [Financing options for exporting](#)
  - [Export Finance Assistance Center of Washington](#)
  - [Export-Import Bank of the United States](#)

Government contracting assistance: Do you want to sell products or services to federal, state or local government agencies?

- [PTAC Program](#) (Procurement Technical Assistance Center) – Offers training and no-cost advising.
- [WEBS](#) system (Washington Electronic Business Solution Resource Center) – Allows businesses to register for notices about state contracting opportunities.
- [Selling your goods and services to the government.](#)
- [OMWBE](#) (Office of Minority and Women's Business Enterprises) – Provides certification of minority-owned, woman-owned, and disadvantaged small business. This certification can be valuable for businesses interested in contracting with state government agencies. OMWBE also provides no-cost



training to help build knowledge and skills related to public contracting. See [more details here](#).

- [Washington State Department of Veterans Affairs](#) – Certifies veteran and service member-owned businesses (important for contracting with some government agencies).
- [Diversity Supplier](#) – Let the Department of Social and Health Services (DSHS) help you succeed in your small business as a Diversity Supplier. Your business may be eligible if you are a licensed small business owner and one or more of the following applies to your business: minority owned; women owned; veteran owned; or disadvantaged small business enterprise.
- [Prevailing Wage Requirements](#) – Are standard for construction-related contracts, paid for with public funds (all or in part). Public works contractors are required to pay employees at or above the “prevailing wage” that has been established through formal government surveys. Employers must also meet special reporting requirements.
- Small Business Development Center (SBDC) – [Advisors](#) offer one-on-one, no-cost advising.

## 5

### Regulatory compliance

Growing a business may lead to new regulatory requirements. Review the [“START”](#) and [“RUN”](#) chapters of the Small Business Guide to see if additional regulations may apply due to the nature of the changes in your business.

## 6

### We wish you success!

Growing a business brings with it rewards, both personal and financial. Planning growth carefully and taking advantage of resources and assistance will help increase your opportunities for success.

## 7

### Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need. Also, help us improve the Small Business Guide by filling out a short, confidential [survey](#).